

BEFORE  
THE PUBLIC SERVICE COMMISSION OF  
SOUTH CAROLINA  
DOCKET NO. 1999-407-C - ORDER NO. 2000-0363  
APRIL 25, 2000

IN RE: Application of KDD America, Incorporated	)	ORDER
For A Certificate of Public Convenience and	)	GRANTING
Necessity to Operate as a Reseller of	)	CERTIFICATE FOR
Interexchange Services and For Alternative	)	LONG DISTANCE
Regulation First Approved in Docket No. 95-	)	AUTHORITY AND
661-C	)	ALTERNATIVE
	)	REGULATION

This matter comes before the Public Service Commission of South Carolina (the "Commission") by way of the Application of KDD America, Incorporated ("KDD America" or the "Company") requesting a Certificate of Public Convenience and Necessity authorizing it to provide intrastate resold interexchange telecommunications services between and among locations within the State of South Carolina as a non facilities-based interexchange telecommunications service provider. The Company's Application was filed pursuant to S.C. Code Ann. § 58-9-280 (Supp. 1999) and the Regulations of the Public Service Commission of South Carolina.

The Commission's Executive Director instructed KDD America to publish, one time, a prepared Notice of Filing in newspapers of general circulation in the affected areas. The purpose of the Notice of Filing was to inform interested parties of KDD America's Application and of the manner and time in which to file the appropriate pleadings for participation in the proceeding.

The Company complied with this instruction and provided the Commission with proof of publication of the Notice of Filing. No Petitions to Intervene were filed.

A hearing was convened on April 6, 2000, at 10:30 a.m. in the Commission's Hearing Room at 101 Executive Center Drive, Columbia, South Carolina. The Honorable Philip T. Bradley, Chairman, presided. John J. Pringle, Jr., represented KDD America, Incorporated. Jocelyn D. Green, Staff Counsel, represented the Commission Staff.

Mitsuru Yoshimura, Assistant Manager of Development for KDD America, appeared and testified in support of the Application. According to the testimony, Mr. Yoshimura is currently in the development section in KDD America. KDD America is a New York Corporation that has received authority to operate as a foreign corporation in the State of South Carolina. KDD America is a subsidiary of KDD Japan. KDD Japan has been in business since 1948 and it serves over one million customers. Upon receiving certification from this Commission, KDD America plans to operate as a reseller of intrastate interexchange telecommunications services to the public on a statewide basis and the Company plans to offer a full range of 1+ interexchange telecommunications services. The record reveals the Company seeks authority to provide MTS, out-WATS, in-WATS, and toll-free calling, and casual calling services. Upon receiving certification from this Commission, KDD America will not offer data services in South Carolina immediately.

Mr. Yoshimura graduated from Waseda University in Japan and has worked for KDD America for four years. Prior to joining KDD America, Mr. Yoshimura was a salesperson for KDD Japan; he is currently in the development section in KDD America. Mr. Yoshimura offered testimony regarding the Company's technical, financial, and managerial ability to

provide telecommunications services in South Carolina. Mr. Hiroshi Hirai assumed the position of President and Chief Executive Officer of KDD America in August 1996. The record reveals Mr. Hirai became employed with KDD Co., Ltd. in April 1965. Mr. Akio Nozaka, assumed the position of Executive Vice President of KDD America in July 1996. Prior to becoming Executive Vice President of the Company, in September 1995, Mr. Nozaka was Vice President and Chief Financial Officer of KDD America.

Regarding the Company's technical ability to provide telecommunications services in South Carolina, the testimony reveals KDD America will only utilize carriers properly certified by the Public Service Commission; the Company expects to utilize the interexchange carrier services of Global Crossing (Frontier). The Company is currently authorized to provide its telecommunications services in twenty-six states including Alabama, Indiana, Missouri, New Hampshire, New York, and Washington, D.C. The Company's customer service department employs seven people and the department is open from 9:00 a.m. until 8:00 p.m. eastern standard time. The record reveals KDD America has a policy of responding to any billing or service inquiries within twenty-four hours; if a customer inquiry requires further investigation by the customer service department representative, the customer is informed of this information and the customer is given a date certain by which the inquiry will be addressed.

The testimony reveals KDD America will have the financial support of its parent company KDD Japan once the Company begins to offer its telecommunications services in South Carolina. The record reveals that as of December 31, 1998, KDD America's total current assets were \$43,723,603.00. Further, the Company's total current liabilities were \$3,744,342.00. The financial statements submitted indicate KDD America is engaged in providing

telecommunications services, including telephone service, private line service, internet service, facsimile service and telegram service. The Company began providing long distance and international telephone service in July 1998.

When the Company markets its services in South Carolina, it will target primarily Japanese and Japanese American people. The record reveals KDD America will market its services by personal and telephone contact by KDD's employees and/or authorized distributors. The Company also intends to advertise its services through print, radio, and television media, as well as forms of direct mailing; KDD America will not engage in telemarketing in South Carolina. The Company also intends to offer its services to residential and business customers. Mr. Yoshimura's testimony reveals KDD America is requesting a waiver of 26 S.C. Code Ann. Regs. 103-610 (1976) so that the Company can keep its records in New York. The regulatory contact persons for the Company are Mr. Aota or Mr. Yoshimura. Finally, KDD America requests that all of its business service offerings be regulated in accordance with the procedures described and set out in Order No. 95-1734 and 96-55 in Docket No. 95-661-C so that KDD America's business services are regulated in the same manner as AT&T Communications of the Southern States.

After full consideration of the applicable law, the Company's application, and the evidence presented at the hearing, the Commission hereby issues its findings of fact and conclusions of law:

### **FINDINGS OF FACT**

1. KDD America is organized as a corporation under the laws of the State of New York and is authorized to do business as a foreign corporation in the State of South Carolina by the Secretary of State.
2. KDD America operates as a non facilities-based reseller of interexchange services and wishes to provide its services in South Carolina.
3. KDD America has the experience, capability, and financial resources to provide the services as described in its Application.

### **CONCLUSIONS OF LAW**

1. Based on the above findings of fact, the Commission determines that a Certificate of Public Convenience and Necessity should be granted to KDD America to provide intrastate interLATA service and to originate and terminate toll traffic within the same LATA, as set forth herein, through its own facilities and through the resale of intrastate Wide Area Telecommunications Services (WATS), Message Telecommunications Service (MTS), Foreign Exchange Service, Private Line Service, or any other services authorized for resale by tariffs of carriers approved by the Commission.
2. The Commission adopts a rate design for KDD America for its resale of residential services which includes only maximum rate levels for each tariff charge. A rate structure incorporating maximum rate levels with the flexibility for adjustment below the maximum rate levels has been previously adopted by the Commission. In Re: Application of GTE Sprint Communications Corporation, etc., Order No. 84-622, issued in Docket No. 84-10-C (August 2, 1984).

3. KDD America shall not adjust its residential rates below the approved maximum level without notice to the Commission and to the public. KDD America shall file its proposed rate changes, publish its notice of such changes, and file affidavits of publication with the Commission two weeks prior to the effective date of the changes. However, the public notice requirement is waived, and therefore not required, for reductions below the maximum cap in instances which do not affect the general body of subscribers or do not constitute a general rate reduction. In Re: Application of GTE Sprint Communications, etc., Order No. 93-638, issued in Docket No. 84-10-C (July 16, 1993). Any proposed increase in the maximum rate level for residential services reflected in the tariff which would be applicable to the general body of the Company's subscribers shall constitute a general ratemaking proceeding and will be treated in accordance with the notice and hearing provision of S.C. Code Ann. §58-9-540 (Supp. 1999).

4. If it has not already done so by the date of issuance of this Order, KDD America shall file its revised tariff and an accompanying price list within thirty (30) days of receipt of this Order. The revised tariff shall be consistent with the findings of this Order and shall be consistent with the Commission's Rules and Regulations.

5. KDD America is subject to access charges pursuant to Commission Order No. 86-584, in which the Commission determined that for access purposes resellers and facilities-based interexchange carriers should be treated similarly.

6. With regard to the Company's resale of service, an end-user should be able to access another interexchange carrier or operator service provider if the end-user so desires.

7. KDD America shall resell the services of only those interexchange carriers or LECs authorized to do business in South Carolina by this Commission. If KDD America changes underlying carriers, it shall notify the Commission in writing.

8. KDD America shall file surveillance reports on a calendar or fiscal year basis with the Commission as required by Order No. 88-178 in Docket No. 87-483-C. The proper form for these reports is indicated on Attachment A. Be advised that the Commission's annual report for telecommunication companies requires the filing of intrastate revenues and intrastate expenses.

9. The Company shall, in compliance with Commission regulations, designate and maintain an authorized utility representative who is prepared to discuss, on a regulatory level, customer relations (complaint) matters, engineering operations, tests and repairs. In addition, the Company shall provide to the Commission in writing the name of the authorized representative to be contacted in connection with general management duties as well as emergencies which occur during non-office hours. KDD America shall file the names, addresses and telephone numbers of these representatives with the Commission within thirty (30) days of receipt of this Order. Attachment B shall be utilized for the provision of this information to the Commission. Further, the Company shall promptly notify the Commission in writing if the representatives are replaced.

10. With regard to the origination and termination of toll calls within the same LATA, KDD America shall comply with the terms of Order No. 93-462, Order Approving Stipulation and Agreement, in Docket Nos. 92-182-C, 92-183-C, and 92-200-C (June 3, 1993), with the exception of the 10-XXX intraLATA dialing requirement, which has been rendered obsolete by

the toll dial parity rules established by the Federal Communications Commission, pursuant to the Telecommunications Act of 1996 (See, 47 CFR 51.209).

11. By its Application, KDD America requested a waiver of 26 S.C. Code Ann. Regs. 103-610 (1976) so that the Company could maintain its records in New York. We grant the Company's request for a waiver of 26 S.C. Code Ann. Regs. 103-610 (1976); however, the Company is directed to comply with all Rules and Regulations of the Commission, unless a regulation is specifically waived by the Commission.

12. Under alternative regulation, KDD America shall not be required to state maximum rates (caps) for its business service offerings, consumer card, operator service, and customer network-type offerings. Such rates shall be presumed valid upon filing, subject to the Commission's right within seven (7) days to institute an investigation of the tariff filing, in which case such filing shall be suspended pending further Order of the Commission. Any relaxation in the future reporting requirements that may be adopted for AT&T shall apply to KDD America also.



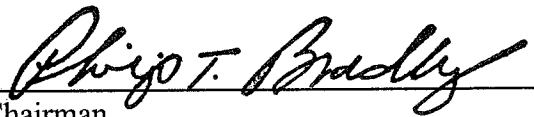
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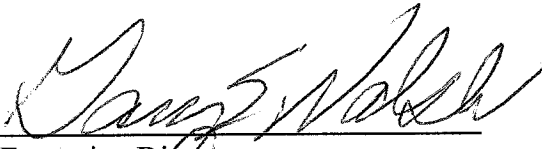
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13. This Order shall remain in full force and effect until further Order of the Commission.

BY ORDER OF THE COMMISSION:

  
Chairman

ATTEST:

  
Executive Director

(SEAL)

DOCKET NO. 1999-407-C - ORDER NO. 2000-0363  
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ATTACHMENT A

ANNUAL INFORMATION ON SOUTH CAROLINA OPERATIONS  
FOR INTEREXCHANGE COMPANIES AND AOS'

COMPANY NAME

FEIN

ADDRESS PHONE NUMBER

CITY, STATE, ZIP CODE FAX NUMBER

1. SOUTH CAROLINA OPERATING REVENUES FOR THE 12 MONTHS ENDING  
DECEMBER 31, OR FISCAL YEAR. \$
2. SOUTH CAROLINA OPERATING EXPENSES FOR THE 12 MONTHS ENDING  
DECEMBER 31, OR FISCAL YEAR. \$
3. RATE BASE INVESTMENT IN SOUTH CAROLINA OPERATIONS FOR THE 12 MONTHS  
ENDING DECEMBER 31, OR FISCAL YEAR. \$
4. PARENT'S CAPITAL STRUCTURE FOR THE 12 MONTHS ENDING  
DECEMBER 31, OR FISCAL YEAR. \$
5. PARENT'S EMBEDDED COST PERCENTAGE (%) FOR LONG TERM DEBT AND EMBEDDED  
COST PERCENTAGE (%)
6. ALL DETAILS ON THE ALLOCATION METHOD USED TO DETERMINE THE AMOUNT OF  
EXPENSES ALLOCATED TO SOUTH CAROLINA OPERATIONS AS WELL AS METHOD OF  
ALLOCATION OF COMPANY'S RATE BASE INVESTMENT (SEE #3 ABOVE).
7. **CONTACT PERSON FOR ALL FINANCIAL INQUIRIES AND REPORTING:**

NAME

ADDRESS (IF DIFFERENT FROM COMPANY)

TELEPHONE NUMBER

SIGNATURE

NAME PLEASE PRINT OR TYPE

TITLE

APRIL 25, 2000

ATTACHMENT B

## AUTHORIZED UTILITY REPRESENTATIVE INFORMATION

PURSUANT TO SOUTH CAROLINA PUBLIC SERVICE COMMISSION REGULATION

103-612.2.4(b) - Each utility shall file and maintain with the Commission the name, title, address, and telephone number of the persons who should be contacted in connection with General Management Duties, Customer Relations (Complaints), Engineering Operations, Test and Repairs, and Emergencies during non-office hours.

\_\_\_\_\_  
Company Name ( Including dba Name(s) or Acronyms used or to be used in South Carolina)

\_\_\_\_\_  
Business Address

\_\_\_\_\_  
City, State, Zip Code

A.

\_\_\_\_\_  
General Manager Representative (Please Print or Type)

\_\_\_\_\_  
Telephone Number / Facsimile Number / E-mail Address

B.

\_\_\_\_\_  
Customer Relations (Complaints) Representative (Please Print or Type)

\_\_\_\_\_  
Telephone Number / Facsimile Number / E-mail Address

C.

\_\_\_\_\_  
Engineering Operations Representative (Please Print or Type)

\_\_\_\_\_  
Telephone Number / Facsimile Number / E-mail Address

D.

\_\_\_\_\_  
Test and Repair Representative (Please Print or Type)

\_\_\_\_\_  
Telephone Number / Facsimile Number / E-mail Address

E.

\_\_\_\_\_  
Contact for Emergencies During Non-Office Hours (Please Print or Type)

\_\_\_\_\_  
Telephone Number / Facsimile Number / E-mail Address

F.

\_\_\_\_\_  
Financial Representative (Please Print or Type)

\_\_\_\_\_  
Telephone Number / Facsimile Number / E-mail Address

G.

\_\_\_\_\_  
Customer Contact Telephone Number for Company (Toll Free)

\_\_\_\_\_  
This form was completed by

\_\_\_\_\_  
Signature

**If you have any questions, contact the Consumer Services Department (803-896-5230)  
or Utilities Department at (803-896-5105).**